

Message Text

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45

ACTION NEA-13

INFO OCT-01 AF-10 EUR-25 ISO-00 AID-20 EB-11 AGR-20 COME-00

STR-08 OMB-01 TRSE-00 CIEP-02 IGA-02 XMB-07 FRB-02

OPIC-12 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 DRC-01 SAB-01 FEA-02 INT-08 (ISO) W

----- 015942

R 130500Z FEB 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 6153

INFO USINT ALGIERS

AMEMBASSY LONDON

AMEMBASSY BEIRQM

USINT CAIRO

AMCONSUL DHAHRAN

AMEMBASSY KHARTOUM

AMEMBASSY SANAA

C O N F I D E N T I A L JIDDA 724

BEIRUT PASS USINT BAGHDAD AND DAMASCUS

E.O. 11652: GDS

TAGS: PFOR, EAID, SA, SU

SUBJECT: SAUDI MOVE INTO SUDAN UNDER

TRIAD SPEARHEAD

REF KHARTOUM 260

BEGIN SUMMARY: INTEGRATION OF SAUDI AND SUDANESE
ECONOMIES IS BEING SPEARHEADED BY LONG-TERM 5 PERCENTER
FROM SAUDI ARABIA WITH AMERICAN WEST COAST
TIES AND INCLUDES CREATION OF SOME INDUSTRIES IN
SAUDI ARABIA BASED ON SUPPLY OF BASIC COMMODITIES
ESPECIALLY COTTON FROM THE SUDAN. THE SAUDI PRIVATE
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ENTREPRENEUR MAY HAVE CONSIDERABLE SAG BACKING, AND

CENTRAL PLANNING ORGANIZATION, SEEMS TO HAVE USED THIS CHANNEL TO SPEED UP THE PROCESS ACCORDING TO OUR SOURCES. END SUMMARY

1. EMBASSY KHARTOUM HAS BEEN TREATED TO SEVERAL VISITS OF UBIQUITOUS SAUDI FINANCIER AND COMMISSION AGENT ADNAN KASHOGGI (REFTEL). KASHOGGI AND HIS AMERICAN-ORIENTED TRIAD/SAUDI ARABIA CORPORATION BRIEFED A GROUP OF AMERICAN INVESTMENT BANKERS IN JIDDA ON JAN. 24 HE CONFIRMED THAT HIS GROUP WOULD BE THE CHOSEN VEHICLE FOR MOST OF THE INITIAL EFFORTS BY SAUDI ARABIA TO DEVELOP SOURCES OF SUDANESE MATERIEL FOR SAUDI FACTORIES IN THE JIDDA AREA. SPECIFICALLY, THE GROUP WAS TO EVENTUALLY DEVELOP MEAT PACKING OUTLETS AND A TEXTILE MILL PLUS SOME PETROCHEMICAL INDUSTRIES BASED ON THE FAIR SIZED REFINERY TO BE BUILT AT PORT SAID.

2. WE HAVE WATCHED A DEVELOPING SAUDI INTEREST IN A RED SEA ECONOMIC GROUPING BASED ON EGYPTIAN AND SUDANESE LAND AND MANPOWER AND SAUDI CAPTITAL. THE FACT THAT THE REGIME IN KHARTOUM HAS BEEN CHOSEN FOR THE FIRST EFFORTS AND THAT THESE EFFORTS ARE TO BE ACCOMPLISHED WITH PRIVATE SAUDI CORPORATIONS UTILIZING SAUDI GOVERNMENT BANK GUARANTEES OPENS SEVERAL POSSIBILITIES FOR THE USE OF SAUDI RESERVES IN DEVELOPING OTHER AREAS IN THE ARAB WORLD ALONG THE LINES FIRST PROPOSED TO US BY PRESIDENT OF THE CENTRAL PLANNING ORGANIZATION, HISHAM NAZER. NAZER IS PERHAPS THE MOST IMAGINATIVE ECONOMIST AND BY FAR THE BEST ORGANIZED AND BEST EQUIPPED IN THE SAG, WITH HIS STANFORD RESEARCH INSTITUTE STAFF, TO BOTH CONCEIVE AND IMPLEMENT SAUDI INVOLVEMENT IN OTHER ARAB ECONOMIES. BACKED BY U.S. INVESTMENT BANKERS ASSOCIATED WITH TRIAD CORPORATION, NOTABLY MORTON MACLEOD OF THE SECURITY BANK GROUP IN CALIFORNIA, KASHOGGI APPEARS TO HAVE BEEN CHOSEN BY NAZER AND OTHER IMPORTANT FIGURES IN SAG TO CREATE A MAJOR BREAKTHROUGH IN WHAT IS, IN THE LAST ANALYSIS, A COMBINED AID AND ECONOMIC INTEGRATION PROGRAM WITH THE SUDANESE. (KASHOGGI HAS POWERFUL FRIENDS IN THE SAG, BUT IS NOT IN FAVOR WITH KING FAISAL AND THERE IS QUESTION IN OUR MINDS THEREFORE HW FAR THE SAG WILL

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PERMIT ITS ECONOMIC DEVELOPMENT EFFORTS IN THE SUDAN TO BE IMPLEMENTED UNDER SOLE AUSPICES OF KASHOGGI GROUP.)

3. PETER DUNCAN OF STANFORD RESEARCH BRIEFED US SHORTLY BEFORE GOING TO KHARTOUM CONCERNING THE SRI EXPECTATIONS AND EFFORTS IN THE AREA. HE SUGGESTED THAT BECAUSE OF THEIR LONG ATTACHMENT WITH THE CPO IN RIYADH, SRI WAS REACHING A PONT WHERE IT COULD ACT BOTH

AS A CONSULTANT AND AN IMPLEMENTER OF MAJOR DEVELOPMENT EFFORTS IN COUNTRIES WHERE SAUDI ARABIA HAD A SPECIAL INTEREST. ON A CONFIDENTIAL BASIS HE SHOWED US A RECENT STUDY ON INDUSTRIALIZATION EFFORTS IN SAUDI ARABIA INCLUDING A PHASED CRITICAL PATH NETWORK, WHICH HE NOTED WOULD BE DIFFICULT TO IMPLEMENT IF THE CURRENT BILATERALS WITH MAJOR OIL CONSUMING COUNTRIES WERE TO TIE SAUDI ARABIA TO ONLY A FEW SOURCES FOR INDUSTRIALIZATION. CONTINGENT ON THE FUTURE OF OUR POLITICAL RELATIONSHIP WITH SAUDI ARABIA, WE FORESEE STANFORD RESEARCH AND THE NEW TIE-INS WITH SAUDI ENTREPRENEURS AS FACILITATING A HIGHLY AMERICAN-ORIENTED RECONSTRUCTION OF SUDAN AND EGYPT WITH SOME OF THE OTHER SOCIALIZED ARAB REGIMES AS POTENTIAL CLIENTS FOR SUCH SAUDI CAPITAL EFFORTS IN THE FUTURE.
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